

ASSEMBLY BILL

No. 1744

Introduced by Committee on Health (Chan (Chair), Aghazarian (Vice Chair), Berg, Cohn, Frommer, Gordon, Jones, Montanez, Ridley-Thomas, and Strickland)

March 2, 2005

An act to amend Section 1345 of the Health and Safety Code, relating to health care service plans.

LEGISLATIVE COUNSEL'S DIGEST

AB 1744, as introduced, Committee on Health. Preferred provider organization.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care. The act defines "health care service plan" and various other terms for its purposes.

This bill would define "preferred provider organization" for purposes of the act.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1345 of the Health and Safety Code is
- 2 amended to read:
- 3 1345. As used in this chapter:
- 4 (a) "Advertisement" means any written or printed
- 5 communication or any communication by means of recorded
- 6 telephone messages or by radio, television, or similar
- 7 communications media, published in connection with the offer or
- 8 sale of plan contracts.

1 (b) “Basic health care services” means all of the following:

2 (1) Physician services, including consultation and referral.

3 (2) Hospital inpatient services and ambulatory care services.

4 (3) Diagnostic laboratory and diagnostic and therapeutic
5 radiologic services.

6 (4) Home health services.

7 (5) Preventive health services.

8 (6) Emergency health care services, including ambulance and
9 ambulance transport services and out-of-area coverage. “Basic
10 health care services” includes ambulance and ambulance
11 transport services provided through the “911” emergency
12 response system.

13 (7) Hospice care pursuant to Section 1368.2.

14 (c) “Enrollee” means a person who is enrolled in a plan and
15 who is a recipient of services from the plan.

16 (d) “Evidence of coverage” means any certificate, agreement,
17 contract, brochure, or letter of entitlement issued to a subscriber
18 or enrollee setting forth the coverage to which the subscriber or
19 enrollee is entitled.

20 (e) “Group contract” means a contract which by its terms
21 limits the eligibility of subscribers and enrollees to a specified
22 group.

23 (f) “Health care service plan” or “specialized health care
24 service plan” means either of the following:

25 (1) Any person who undertakes to arrange for the provision of
26 health care services to subscribers or enrollees, or to pay for or to
27 reimburse any part of the cost for those services, in return for a
28 prepaid or periodic charge paid by or on behalf of the subscribers
29 or enrollees.

30 (2) Any person, whether located within or outside of this state,
31 who solicits or contracts with a subscriber or enrollee in this state
32 to pay for or reimburse any part of the cost of, or who undertakes
33 to arrange or arranges for, the provision of health care services
34 that are to be provided wholly or in part in a foreign country in
35 return for a prepaid or periodic charge paid by or on behalf of the
36 subscriber or enrollee.

37 (g) “License” means, and “licensed” refers to, a license as a
38 plan pursuant to Section 1353.

39 (h) “Out-of-area coverage,” for purposes of paragraph (6) of
40 subdivision (b), means coverage while an enrollee is anywhere

1 outside the service area of the plan, and shall also include
2 coverage for urgently needed services to prevent serious
3 deterioration of an enrollee's health resulting from unforeseen
4 illness or injury for which treatment cannot be delayed until the
5 enrollee returns to the plan's service area.

6 (i) "Provider" means any professional person, organization,
7 health facility, or other person or institution licensed by the state
8 to deliver or furnish health care services.

9 (j) "Person" means any person, individual, firm, association,
10 organization, partnership, business trust, foundation, labor
11 organization, corporation, limited liability company, public
12 agency, or political subdivision of the state.

13 (k) "Service area" means a geographical area designated by
14 the plan within which a plan shall provide health care services.

15 (l) "Solicitation" means any presentation or advertising
16 conducted by, or on behalf of, a plan, where information
17 regarding the plan, or services offered and charges therefor, is
18 disseminated for the purpose of inducing persons to subscribe to,
19 or enroll in, the plan.

20 (m) "Solicitor" means any person who engages in the acts
21 defined in subdivision (l).

22 (n) "Solicitor firm" means any person, other than a plan, who
23 through one or more solicitors engages in the acts defined in
24 subdivision (l).

25 (o) "Specialized health care service plan contract" means a
26 contract for health care services in a single specialized area of
27 health care, including dental care, for subscribers or enrollees, or
28 which pays for or which reimburses any part of the cost for those
29 services, in return for a prepaid or periodic charge paid by or on
30 behalf of the subscribers or enrollees.

31 (p) "Subscriber" means the person who is responsible for
32 payment to a plan or whose employment or other status, except
33 for family dependency, is the basis for eligibility for membership
34 in the plan.

35 (q) Unless the context indicates otherwise, "plan" refers to
36 health care service plans and specialized health care service
37 plans.

38 (r) "Plan contract" means a contract between a plan and its
39 subscribers or enrollees or a person contracting on their behalf
40 pursuant to which health care services, including basic health

1 care services, are furnished; and unless the context otherwise
2 indicates it includes specialized health care service plan
3 contracts; and unless the context otherwise indicates it includes
4 group contracts.

5 (s) *“Preferred provider organization” means a health care*
6 *service plan that negotiates and enters into a contract with a*
7 *provider to provide services at alternative rates of payment, as*
8 *described in Section 10133 of the Insurance Code.*

9 (t) All references in this chapter to financial statements, assets,
10 liabilities, and other accounting items mean those financial
11 statements and accounting items prepared or determined in
12 accordance with generally accepted accounting principles, and
13 fairly presenting the matters which they purport to present,
14 subject to any specific requirement imposed by this chapter or by
15 the director.